

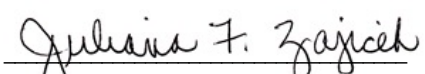
EXHIBIT D

Page 1	Page 3
<p>1 IN THE UNITED STATES BANKRUPTCY COURT</p> <p>2 EASTERN DISTRICT OF MICHIGAN</p> <p>3 SOUTHERN DIVISION</p> <p>4</p> <p>5 -----X</p> <p>6 :</p> <p>7 In re : Chapter 9</p> <p>8 CITY OF DETROIT, MICHIGAN, : Case No. 13-53846</p> <p>9 Debtor. : Hon. Steven W. Rhodes</p> <p>10 -----X</p> <p>11</p> <p>12 The videotaped deposition of GAURAV</p> <p>13 MALHOTRA, called for examination, taken pursuant to</p> <p>14 the Federal Rules of Civil Procedure of the United</p> <p>15 States District Courts pertaining to the taking of</p> <p>16 depositions, taken before JULIANA F. ZAJICEK, CSR No.</p> <p>17 84-2604, a Certified Shorthand Reporter of said State</p> <p>18 of Illinois, at the offices of Jones Day, Suite 3500,</p> <p>19 77 West Wacker Drive, Chicago, Illinois, on</p> <p>20 September 20, 2013, at 9:30 a.m.</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p>1 APPEARANCES: (Continued)</p> <p>2 LOWENSTEIN SANDLER LLP,</p> <p>3 (65 Livingston Avenue,</p> <p>4 Roseland, New Jersey 07068,</p> <p>5 973-597-2346), by:</p> <p>6 MR. S. JASON TEELE,</p> <p>7 steele@lowenstein.com,</p> <p>8</p> <p>9 appeared on behalf of AFSCME;</p> <p>10</p> <p>11 CLARK HILL PLC,</p> <p>12 (151 South Old Woodward, Suite 200,</p> <p>13 Birmingham, Michigan 48009,</p> <p>14 248-642-9692), by:</p> <p>15 MR. JOHN R. STEVENSON,</p> <p>16 jstevenson@clarkhill.com,</p> <p>17</p> <p>18 appeared telephonically on behalf of the</p> <p>19 Police and Fire Retirement System of the</p> <p>20 City of Detroit and the General Retirement</p> <p>21 System of the City of Detroit;</p> <p>22</p> <p>23 WEIL, GOTSHAL & MANGES LLP,</p> <p>24 (767 Fifth Avenue,</p> <p>25 New York, New York 10153,</p> <p>26 212-310-8257), by:</p> <p>27 MS. DANA KAUFMAN,</p> <p>28 dana.kaufman@weil.com,</p> <p>29</p> <p>30 appeared telephonically on behalf of</p> <p>31 Fidelity Guaranty Insurance Company;</p> <p>32</p> <p>33 LIPPITT O'KEEFE, PLLC,</p> <p>34 (370 East Maple, 3rd Floor,</p> <p>35 Birmingham, Michigan 48009,</p> <p>36 248-646-8292), by:</p> <p>37 MR. RYAN C. PLECHA,</p> <p>38 rplecha@lippittokeefe.com,</p> <p>39</p> <p>40 appeared telephonically on behalf of the</p> <p>41 Detroit Retired Police and Fire Fighters</p> <p>42 Association, Detroit Retired City</p> <p>43 Employees Association, Don Taylor,</p> <p>44 individually and as president of the</p> <p>45 RDPFFA, and Shirley Lightsey, individually</p> <p>46 and as president of the DRCEA;</p>
Page 2	Page 4
<p>1 APPEARANCES:</p> <p>2 JONES DAY,</p> <p>3 (51 Louisiana Avenue, N.W.,</p> <p>4 Washington, D.C. 20001-2113,</p> <p>5 202-897-3939), by:</p> <p>6 MR. GEOFFREY S. STEWART,</p> <p>7 gstewart@jonesday.com;</p> <p>8 MR. CHRISTOPHER DiPOMPEO,</p> <p>9 cdipompeo@jonesday.com,</p> <p>10</p> <p>11 appeared on behalf of the Debtor</p> <p>12 and the witness;</p> <p>13</p> <p>14 LATHAM & WATKINS LLP,</p> <p>15 (355 South Grand Avenue,</p> <p>16 Los Angeles, California 90071-1560,</p> <p>17 213-485-1234), by:</p> <p>18 MR. WAYNE S. FLICK,</p> <p>19 wayne.s.flick@lw.com,</p> <p>20</p> <p>21 appeared telephonically on behalf of</p> <p>22 Ernst & Young;</p> <p>23</p> <p>24 DENTONS,</p> <p>25 (233 South Wacker Drive, Suite 7800,</p> <p>26 Chicago, Illinois 60606-6306,</p> <p>27 312-876-2572), by:</p> <p>28 MS. LEAH R. BRUNO,</p> <p>29 leah.bruno@dentons.com;</p> <p>30 MS. MELISSA A. ECONOMY,</p> <p>31 melissa.economy@dentons.com,</p> <p>32</p> <p>33 appeared on behalf of Retirees Committee;</p> <p>34</p> <p>35 COHEN WEISS AND SIMON LLP,</p> <p>36 (330 West 42nd Street,</p> <p>37 New York, NY 10036-6979,</p> <p>38 212-356-0216), by:</p> <p>39 MR. PETER D. DeCHIARA,</p> <p>40 pdechiara@cwsny.com,</p> <p>41</p> <p>42 appeared telephonically on behalf of the</p> <p>43 International Union, UAW;</p> <p>44</p> <p>45</p> <p>46</p>	<p>1 APPEARANCES: (Continued)</p> <p>2 STROBL & SHARP, P.C.,</p> <p>3 (300 East Long Lake Road, Suite 200,</p> <p>4 Bloomfield Hills, Michigan 48304-2376,</p> <p>5 248-540-2300), by:</p> <p>6 MS. MEREDITH E. TAUNT,</p> <p>7 mtaunt@stroblpc.com,</p> <p>8</p> <p>9 appeared telephonically on behalf of the</p> <p>10 Retired Detroit Police Members</p> <p>11 Association.</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>26</p> <p>27</p> <p>28</p> <p>29</p> <p>30</p> <p>31</p> <p>32</p> <p>33</p> <p>34</p> <p>35</p> <p>36</p> <p>37</p> <p>38</p> <p>39</p> <p>40</p> <p>41</p> <p>42</p> <p>43</p> <p>44</p> <p>45</p> <p>46</p>

<p style="text-align: right;">Page 45</p> <p>1 excuse me, "were limited to the City's general fund,"</p> <p>2 is that correct?</p> <p>3 A. That is correct.</p> <p>4 Q. In other words, the projections assume</p> <p>5 that there are no other funds available to the City</p> <p>6 beyond the general fund, is that correct?</p> <p>7 A. It -- it assumes that the general fund</p> <p>8 will not have additional funds from other funds, yeah,</p> <p>9 that's generally correct.</p> <p>10 Q. What about the City having available --</p> <p>11 other available funds outside of the general fund?</p> <p>12 A. The City has multiple funds outside the</p> <p>13 general fund. The main one is the water and sewer,</p> <p>14 which we did not perform a ten-year projection on the</p> <p>15 water and sewer funds. My understanding is that those</p> <p>16 funds are not necessarily available to the general</p> <p>17 fund.</p> <p>18 Q. To the general fund that may be correct,</p> <p>19 but it would be available to the City, would it not?</p> <p>20 MR. STEWART: Objection.</p> <p>21 BY THE WITNESS:</p> <p>22 A. It would be available to the City for the</p> <p>23 purposes those funds were raised for, which is</p> <p>24 generally maintenance and capital improvements on the</p>	<p style="text-align: right;">Page 47</p> <p>1 declaration here are solely limited with the caveat</p> <p>2 that you provided to the general fund, is that</p> <p>3 correct?</p> <p>4 MR. STEWART: Objection.</p> <p>5 BY THE WITNESS:</p> <p>6 A. The cash flow forecasts and the ten-year</p> <p>7 projections with respect to the receipts and</p> <p>8 disbursements and the revenues and expenses are</p> <p>9 generally reflective of the general fund and the</p> <p>10 Department of Transportation. That's the way I would</p> <p>11 characterize it.</p> <p>12 BY MS. BRUNO:</p> <p>13 Q. You would agree that the City does have</p> <p>14 access to other funds, correct?</p> <p>15 MR. STEWART: Objection.</p> <p>16 BY THE WITNESS:</p> <p>17 A. I don't understand when you say the City</p> <p>18 has access to.</p> <p>19 BY MS. BRUNO:</p> <p>20 Q. There is other enterprise funds available</p> <p>21 to the City, correct?</p> <p>22 MR. STEWART: Objection.</p> <p>23 BY THE WITNESS:</p> <p>24 A. Available to the City for what?</p>
<p style="text-align: right;">Page 46</p> <p>1 water and sewer side.</p> <p>2 BY MS. BRUNO:</p> <p>3 Q. Let's backtrack a little bit. I think</p> <p>4 we've gone in a different direction than I'm trying to</p> <p>5 focus on.</p> <p>6 My question to you is: The forecasts that</p> <p>7 you provided in this declaration are limited solely to</p> <p>8 the general fund, is that correct?</p> <p>9 A. They are generally limited to the general</p> <p>10 fund, other than if they were other enterprise funds</p> <p>11 the City was subsidizing, like the Department of</p> <p>12 Transportation, those would have been included in the</p> <p>13 general fund as it is a -- a fund that the City</p> <p>14 subsidizes and has historically subsidized.</p> <p>15 Q. So you would agree, though, that subject</p> <p>16 to your exception there that the assumptions and</p> <p>17 forecasts provided in this declaration do not take</p> <p>18 into account other funds available to the City?</p> <p>19 MR. STEWART: Objection.</p> <p>20 BY THE WITNESS:</p> <p>21 A. You have to rephrase your question.</p> <p>22 BY MS. BRUNO:</p> <p>23 Q. The forecasts and cash flows, the</p> <p>24 projections, the information that is discussed in your</p>	<p style="text-align: right;">Page 48</p> <p>1 BY MS. BRUNO:</p> <p>2 Q. Well, if you are talking about the cash</p> <p>3 available to the City, certainly there is other</p> <p>4 sources of cash available to the City outside of the</p> <p>5 general fund, you would agree with that?</p> <p>6 MR. STEWART: Objection.</p> <p>7 BY THE WITNESS:</p> <p>8 A. No. It depends on what purpose you are</p> <p>9 asking the question, the context of.</p> <p>10 BY MS. BRUNO:</p> <p>11 Q. You would agree with me that the general</p> <p>12 fund is not the only source of available cash to the</p> <p>13 city, would you not?</p> <p>14 MR. STEWART: Objection.</p> <p>15 BY THE WITNESS:</p> <p>16 A. The general fund -- the cash that is</p> <p>17 available to the general fund is generally the only</p> <p>18 cash that is available to the City for its core</p> <p>19 operations that are not related to any other</p> <p>20 enterprise funds. So, my answer would be, that the</p> <p>21 cash flows that are reflective in here and are</p> <p>22 generally available for the general fund is the City's</p> <p>23 operating cash in general.</p> <p>24 BY MS. BRUNO:</p>

<p style="text-align: right;">Page 65</p> <p>1 noted issues and problems with the recordkeeping of 2 the City? 3 MR. STEWART: Objection; the document speaks for 4 itself. There is no evidence he wrote it. 5 BY THE WITNESS: 6 A. That's what the statement says. So, I'm 7 not sure I fully understand what your question is. 8 BY MS. BRUNO: 9 Q. Did Ernst & Young do anything to ensure 10 that the information that they evaluated and relied 11 upon was accurate information to draw assumptions 12 from? 13 A. Who is "they"? 14 Q. Ernst & Young. The question -- let me 15 rephrase the question. That might help. 16 Did Ernst & Young do anything to ensure 17 that the information that Ernst & Young evaluated and 18 relied upon as received from the City was accurate 19 information that you could draw assumptions from? 20 A. EY did -- our team based on the data that 21 was received did go through the information to make 22 sure that the assumptions we were using were 23 reasonable. 24 Q. And what would be the process that Ernst &</p>	<p style="text-align: right;">Page 67</p> <p>1 information and assumptions back and forth. 2 Q. Just to be clear, are you aware of any 3 instance or any specific circumstance of -- at all 4 where Ernst & Young went back to the City and said, I 5 think there is a problem with the information you 6 provided? 7 A. I am sure there were several conversations 8 in which we were challenging and asking questions with 9 respect to the data that we were receiving, but I 10 don't recall of any one specific instance off the top 11 of my head that stands out versus not. 12 Q. Can you give me one example of any 13 instance where Ernst & Young challenged the 14 information received and went back to any department 15 in the City where the information came from to verify 16 or better understand a problem with the information 17 received? 18 MR. STEWART: Objection to form. 19 BY THE WITNESS: 20 A. There were instances when we were 21 receiving reports on cash collections that were not 22 appropriately categorized and which -- and which we 23 went back and, you know, further evaluated as to, you 24 know, what the -- where those cash receipts really</p>
<p style="text-align: right;">Page 66</p> <p>1 Young would go through to make sure that information 2 used was reasonable? 3 A. Well, it would generally have been that if 4 we were receiving some information, we would try and 5 review what other documentation may or may not be 6 available to support any trends from a historical 7 perspective and whether the information was 8 consistent, and if it was not consistent, if there 9 were any major outliers, speak to the team at the City 10 to try and understand what changes may be happening. 11 So, I'm comfortable that what we undertook 12 as an analysis of the information that was presented 13 by the City after asking questions that we were using 14 reasonable assumptions. 15 Q. This process that you just outlined, can 16 you recall any specific instances where Ernst & Young 17 determined that the financial information received 18 from the City contained either an outlier or an error? 19 A. This was generally a collaborative 20 process. So, there was exchange of information 21 between the City and the EY team on a regular basis. 22 And so I can't recall something off the top of my 23 head, but my point is that this was generally an 24 iterative and a collaborative process of exchanging</p>	<p style="text-align: right;">Page 68</p> <p>1 actually belonged in terms of income taxes or property 2 taxes. They were -- that's one example. 3 There were questions with respect to the 4 amount of accounts payable outstanding that the City 5 was reporting and, you know, if there were more 6 invoices than that were actually entered into the 7 system or not. So, there have been a variety of 8 back-and-forth conversations on different topics which 9 is part of what we actually are helping at the City 10 with is to try and get our arms around reasonable 11 assumptions around the data that is available. 12 BY MS. BRUNO: 13 Q. Why don't we turn back to Exhibit 4, which 14 is the June 14 proposal. And I'll direct your 15 attention to what is page 68 of 135 in the electronic 16 numbering. And this relates -- the questions that I'm 17 going to ask you relate to the restructuring and 18 reinvesting initiatives. 19 Why is the City spending \$1.25 billion on 20 these initiatives? 21 A. I think it's in general to improve the 22 quality of safety as well as blight removal in the 23 City. The specifics of that as to how that number was 24 brought about is something that should be discussed</p>

<p style="text-align: right;">Page 105</p> <p>1 Q. Going back a little bit, with respect to</p> <p>2 the ten-year projections, do you recall who instructed</p> <p>3 EY to begin compiling or preparing the ten-year</p> <p>4 projections?</p> <p>5 A. I think it was generally the former CFO</p> <p>6 and the former program management director.</p> <p>7 Q. And they did that prior to or after the</p> <p>8 appointment of the Emergency Manager?</p> <p>9 A. I have to recall. We started with a</p> <p>10 five-year projection that we would start figuring out</p> <p>11 whether we do a five-year or a ten-year and then we</p> <p>12 transitioned from five-year to ten-year. I don't</p> <p>13 recall specifically at what timeframe.</p> <p>14 Q. And then why did you transition from</p> <p>15 five-year to ten-year?</p> <p>16 A. Just from the nature of looking at the</p> <p>17 City's liabilities, having a longer term view was more</p> <p>18 relevant versus having a shorter term view.</p> <p>19 Q. Generally speaking, the longer you project</p> <p>20 financial performance of an entity, government entity</p> <p>21 or even a private entity, does your confidence in the</p> <p>22 results shown in the projections decrease with the</p> <p>23 longer period? In other words -- I'm sorry.</p> <p>24 Did you understand that question?</p>	<p style="text-align: right;">Page 107</p> <p>1 Q. And you used information that you were</p> <p>2 able to obtain directly from the City's -- directly</p> <p>3 from the City, the different agencies and departments</p> <p>4 of the City in your ten-year projections, right?</p> <p>5 A. Not necessarily. The City does not have</p> <p>6 any ten-year projections currently. The data that we</p> <p>7 used was based on ascertaining what historical</p> <p>8 information was available and then using those --</p> <p>9 using that data alongside some of the assumptions that</p> <p>10 we got from the other advisers, helping pull together</p> <p>11 ten-year assumptions. I do not know of any ten-year</p> <p>12 assumptions the City had historically that we would</p> <p>13 have used as a starting point.</p> <p>14 Q. But you didn't create the historical -- in</p> <p>15 other words, you didn't -- again, you didn't create</p> <p>16 the historical data yourself from -- from original</p> <p>17 sources, did you? You took -- did you?</p> <p>18 A. When you -- you've got to rephrase that</p> <p>19 question.</p> <p>20 Q. You took the historical data directly from</p> <p>21 the City?</p> <p>22 A. The City's historical data, we took the</p> <p>23 data that the City gave us and then made sure that</p> <p>24 what data was reasonable, how we would actually look</p>
<p style="text-align: right;">Page 106</p> <p>1 A. I did.</p> <p>2 Q. Okay.</p> <p>3 A. As long as you are making reasonable</p> <p>4 assumptions for a five-year or a ten-year timeframe,</p> <p>5 the comfort along certain assumptions in the short</p> <p>6 term when they are based on recent trends is always</p> <p>7 higher than projections that are in the long term.</p> <p>8 That being said, it also depends on the reasonableness</p> <p>9 of the assumptions in terms of the comfort level.</p> <p>10 Q. And is it true that EY did not compile the</p> <p>11 data that is included in the buildup to the ten-year</p> <p>12 projections?</p> <p>13 A. We did not audit the data. When you say</p> <p>14 compile the data, if you can rephrase your question.</p> <p>15 Q. You took data from other sources, for</p> <p>16 example, from the CAFR, the Comprehensive Annual</p> <p>17 Financial Report, right?</p> <p>18 A. That was one source.</p> <p>19 Q. Right. That's one source. And there are</p> <p>20 other sources.</p> <p>21 And you took data that was compiled by</p> <p>22 other consultants retained by the City, for example,</p> <p>23 by Milliman, is that right?</p> <p>24 A. For certain assumptions.</p>	<p style="text-align: right;">Page 108</p> <p>1 at the assumptions and that historical data. So we</p> <p>2 had to look at the data, look at what the assumptions</p> <p>3 were with respect to how that data was classified, how</p> <p>4 that data was categorized to make sure that we could</p> <p>5 actually use that data. So there wasn't just a raw</p> <p>6 data dump in which we could use that data in its</p> <p>7 original form without having to analyze it further.</p> <p>8 Q. All right. See, that's where my confusion</p> <p>9 is, because I thought that you had testified earlier</p> <p>10 that you didn't really audit data?</p> <p>11 A. That's right.</p> <p>12 Q. And you didn't go back to --</p> <p>13 MR. STEWART: You have to wait for a question.</p> <p>14 He is not asking you a question.</p> <p>15 BY MR. TEELE:</p> <p>16 Q. And you didn't, for example -- and I think</p> <p>17 you gave this example, you didn't go back to the</p> <p>18 original bond offering documents to make sure that the</p> <p>19 amounts stated in the data that you were using was</p> <p>20 correct, right?</p> <p>21 MR. STEWART: Well, wait a minute. What's the</p> <p>22 question? That was a speech essentially. Just ask a</p> <p>23 question.</p> <p>24 BY MR. TEELE:</p>

<p style="text-align: right;">Page 109</p> <p>1 Q. I'm going to move on. It's a point of 2 confusion in my head, but I'll move on. 3 MR. STEWART: I think the transcript will clear 4 it up. I think it was covered. 5 MR. TEELE: I don't have anything further. 6 Thank you. 7 MR. STEWART: Does anyone else have questions? 8 MS. BRUNO: Why don't we take a short break so I 9 can communicate with everyone on the phone. 10 MR. STEWART: Okay. 11 MS. BRUNO: And then we can come back to you. 12 MR. STEWART: Okay. 13 (WHEREUPON, a recess was had 14 from 12:22 to 12:30 p.m.) 15 MS. BRUNO: We are back on. 16 Counsel on the phone, we are back on the 17 record. And I believe when we went off the record, we 18 were going through the people on the phone on a roll 19 call to see if anyone has any questions for 20 Mr. Malhotra. 21 MR. PLECHA: Ryan Plecha from the Association 22 Parties, we do not have any questions. 23 MR. STEVENSON: This is John Stevenson from 24 Clark Hill. I do not have any questions.</p>	<p style="text-align: right;">Page 111</p> <p>1 A. No. 2 Q. Was the CAFR audited? 3 A. Yes. 4 Q. Audited by who? 5 A. KPMG. 6 Q. And tell us who or what is KPMG? 7 A. KPMG is the City's auditor and it is 8 another Big 4 accounting firm. 9 Q. Is it one of the international accounting 10 firms that is known in the United States and 11 elsewhere? 12 A. Yes. 13 Q. Comparable to E&Y in terms of what it 14 does? 15 A. Generally, yes. 16 MR. STEWART: Okay. That's all I have. 17 Thank you. 18 MR. TEELE: I have no questions. 19 MR. STEWART: So is the record closed? 20 MS. BRUNO: It is at this time. 21 MR. STEWART: Okay. 22 (Time Noted: 12:32 p.m.) 23 FURTHER DEPONENT SAITH NOT. 24</p>
<p style="text-align: right;">Page 110</p> <p>1 MS. TAUNT: Meredith Taunt on behalf of the 2 Retired Detroit Police Members Association. We do not 3 have any questions. 4 MS. BRUNO: Anyone else on the phone? 5 MS. KAUFMAN: This is Dana Kaufman for Financial 6 Guaranty Insurance Company. We do not have any 7 questions. 8 MR. STEWART: This is Jeff Stewart, I have just 9 a few questions of Mr. Malhotra, from Jones Day. I 10 represent the witness and also the City, just a few 11 questions. 12 EXAMINATION 13 BY MR. STEWART: 14 Q. Mr. Malhotra, you were asked in your 15 deposition about a document called the Comprehensive 16 Annual Financial Report of the City of Detroit. 17 Do you remember being asked about that? 18 A. Yes. 19 Q. That's sometimes called a CAFR, C-A-F-R? 20 A. Yes. 21 Q. Did E&Y audit the CAFR? 22 A. No. 23 Q. Or audit the accounts that led to the 24 creation of the CAFR?</p>	<p style="text-align: right;">Page 112</p> <p>1 REPORTER'S CERTIFICATE 2 I, JULIANA F. ZAJICEK, C.S.R. No. 84-2604, 3 a Certified Shorthand Reporter, do hereby certify: 4 That previous to the commencement of the 5 examination of the witness herein, the witness was 6 duly sworn to testify the whole truth concerning the 7 matters herein; 8 That the foregoing deposition transcript 9 was reported stenographically by me, was thereafter 10 reduced to typewriting under my personal direction and 11 constitutes a true record of the testimony given and 12 the proceedings had; 13 That the said deposition was taken before 14 me at the time and place specified; 15 That I am not a relative or employee or 16 attorney or counsel, nor a relative or employee of 17 such attorney or counsel for any of the parties 18 hereto, nor interested directly or indirectly in the 19 outcome of this action. 20 IN WITNESS WHEREOF, I do hereunto set my 21 hand on this 21st day of September, 2013. 22 23  24 JULIANA F. ZAJICEK, Certified Reporter</p>